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ABSTRACT

Improving compensation in early care and education (ECE) has been and will continue to be an extremely difficult policy issue. The Mailman Family Foundation and the Foundation for Child Development convened a group of 18 representatives of diverse disciplines concerned about child- and elder-care compensation. This report details the issues examined in this meeting, presents the broad approaches to improving compensation, and identifies recommended strategies for increasing awareness about low child-care wages. The report indicates that the greatest challenge to addressing low compensation is developing proposals that are realistic, can be implemented, and have a reasonable chance of success. Two broad approaches are presented: (1) raising wages directly; and (2) launching campaigns to affect wages by more indirect means, such as raising wages and benefits for all low income workers, and unionizing/organizing the early childhood workforce. More specific recommendations are highlighted as a guide to action, including: (1) studying ongoing state efforts; (2) anticipating the need for both state and federal strategies; (3) investigating the feasibility of expanding state spending for prekindergarten; (4) defining the population of dependent caregivers; (5) developing and disseminating outcome measures associated with high-quality care; (6) encouraging and implementing community-level demonstration projects; and (7) understanding why there is market failure in dependent care. The report concludes by asserting that improving compensation for ECE caregivers will require interdisciplinary approaches that bring together experts from diverse backgrounds. A list of meeting participants is appended. (KB)

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WORKING PAPER

ECONOMICS OF CARING LABOR: IMPROVING COMPENSATION IN THE EARLY CHILDHOOD WORKFORCE

SUMMARY PREPARED BY CAROL RIPPLE

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EXECUTIVE SUMMARY

Recognizing that improving compensation in early care and education (ECE) has been and will continue to be an extremely difficult policy issue, the A.L. Mailman Family Foundation and the Foundation for Child Development convened a group of individuals concerned about child- and elder-care compensation. Meeting participants represented diverse disciplines, including economics, labor, public policy, psychology, health care, and private foundations.

The greatest challenge to addressing low compensation is developing proposals that are realistic, implementable, and have a reasonable chance of success. After discussing contextual issues that contribute to low wages, strategies to improve compensation were developed. Two broad approaches were represented: raising wages directly, and launching campaigns to affect wages by more indirect means:

- *Increase public funds for ECE that include targeted compensation initiatives.*
- *Raise wages and benefits for all low-income workers.*
- *Educate the public and mobilize powerful constituencies.*
- *Link child- and elder-care quality campaigns.*
- *Unionize/organize the early childhood workforce.*
- *Professionalize the early childhood workforce.*

In addition to these strategies, more specific recommendations were developed as a guide to action. Because we know more about the problem than about how to solve it, the recommendations reflect a need for a better understanding of potential policy approaches and underlying issues. Recommendations were to:

- *Conduct studies of ongoing state efforts.*
- *Anticipate the need for both state and federal strategies.*
- *Investigate the feasibility of expanding state spending for prekindergarten.*
- *Define the population of dependent caregivers.*
- *Develop and disseminate outcome measures associated with high-quality care.*
- *Encourage and implement community-level demonstration projects.*
- *Understand why there is market failure in dependent care.*

The strategies and recommendations identified here take important first steps toward identifying strategies for increasing awareness about low child-care wages and for developing approaches to address the compensation issue. As suggested by the wide range of strategies and recommendations presented at this meeting, improving compensation will require interdisciplinary approaches that bring together experts from diverse backgrounds.

INTRODUCTION

VERY LOW WAGES PAID TO THE CHILD-CARE WORKFORCE HAVE FUELED WHAT SOME REGARD AS A CRISIS OF CARING.

Very low wages paid to the child-care workforce have fueled what some regard as a crisis of caring. What is meant by a "crisis?" Why does the compensation of those who care for young children warrant the attention of parents, advocates, researchers, policy analysts, and policymakers? How can concerned individuals and organizations increase awareness about inadequate child-care workers' wages?

This summary identifies issues discussed during the meeting and makes recommendations for action. Appended to this summary is a statement by labor economists Barbara Bergmann and Suzanne Helburn, reviewing the potential efficacy and consequences of methods by which child-care wages could be raised. A list of participants and background references for the meeting are also appended.

SETTING THE CONTEXT: OBSERVATIONS & ASSUMPTIONS

Caring relationships sustain us from birth through the end of life. Providing care—whether for young children or frail elders—is becoming increasingly professional work that, when done well, results in a range of benefits to society at large. Yet even as we acknowledge the importance of caring across the lifespan, those to whom we look for care are not valued, compensated, nor otherwise supported in fulfilling their essential roles. Where very young children are concerned, the best caring relationships are with competent individuals who promote healthy learning and development in a stable environment. Securing this high-quality care, however, is incontrovertibly linked to worker compensation.

SECURING HIGH-QUALITY CARE FOR CHILDREN IS INCONTROVERTIBLY LINKED TO WORKER COMPENSATION.

The issue of worker compensation has been slow to take its place on the early care and education (ECE) policy agenda. Only recently has the critical importance of adequate compensation been recognized as funding for

ECE programs has increased, and as funding streams have become available to boost wages. In truth, the issue has been contentious even within the early childhood ranks. To set the stage for discussion, participants reviewed economic and sociocultural forces that provide the context for ECE compensation. Several observations regarding the existing status of compensation were made, and widely held assumptions that contribute to low wages were examined.

Observations

WHEREVER DEPENDENT CARE IS PERFORMED, WORKERS ARE UNDERPAID.

Wherever dependent care is performed, workers are underpaid. Dependent-care wages are often poverty level, falling far short of a sustainable wage (Whitebook & Phillips, 1999). The nature of the caregiving workforce contributes to such low wages: the vast majority is female, and many are from racial minority groups and/or are immigrants. Compounding these demographic factors, the public perception is that "anyone can provide care." Based on this assumption, caregiving requires no special knowledge, and workers need not be trained, credentialed, or monitored. In short, the perception is that disposition is more important than knowledge or skill in providing care. Work that commands this little respect need not be well compensated.

THE NEED FOR HIGH-QUALITY CARE IS OUTPACING THE SUPPLY.

The need for high-quality care is outpacing the supply. Several forces have contributed to the escalating need for dependent-care early childhood staff, whether they are child-care workers or home health-care aides. In ECE, these forces include increasing numbers of women with young children joining the paid labor force, and welfare reform which requires many mothers with young children to enter the workforce. On the other end of the age spectrum, the supply of elder-care providers will soon be strained by the aging baby-boomer population. However, whether or not demand is actually outpacing supply is a matter of some debate because the shortage might not exist in absolute terms (i.e., there are enough early childhood staff to meet the demand, other considerations aside). In any case, there is widespread

agreement that the supply of high-quality, *affordable* care is insufficient: care can be obtained with enough money, but most families cannot afford to pay the substantial portion of their earned income needed to secure high-quality care.

The supply of child-care workers—specifically of credentialed teachers—has shrunk as a result of pressure from both within and without the ECE system. From within, the expansion of state-funded prekindergarten initiatives, which typically serve 4-year-olds, has raised the demand for teachers, most of who must have a minimum of a B.A. degree. Qualified individuals in the child-care workforce, including program directors, are liable to be attracted to prekindergarten programs by better compensation packages and working conditions. The dearth of qualified child-care workers is further exacerbated by the increasing shortage of elementary school teachers. Existing shortages are even further compounded by efforts to reduce class size in some states (such as California), resulting in the "cherry-picking" of better-educated, early-childhood workers.

DEPENDENT CARE DOES NOT FOLLOW TYPICAL MARKET BEHAVIOR.

Dependent care does not follow typical market behavior. Whereas the expansion of state-funded prekindergarten has created shortages of trained staff in other areas of ECE, the laws of typical market behavior suggest that the resulting shortage should have a positive influence by raising standards for training and wages. However, historical evidence from the women's labor market suggests that this may not happen. In the teacher's market, for example, wages generally have not risen even in the face of current labor shortages. Similarly, past acute shortages in the supply of nurses were remedied by bringing in low-paid immigrant workers, not by raising wages. Although prekindergarten may ultimately have a positive effect on child-care wages, the observed failure in the ECE workforce market has stimulated concern over how to intervene to improve quality and supply in the absence of typical market behavior.

The availability of informal unregulated child care challenges typical market expectations. If policymakers were to raise child-care provider wages, we might expect that quality of care would also rise given the link between wages and quality of care. However, overall quality could just as likely suffer if wages were raised as an unfunded mandate: without an influx of public spending, increased wages would result in increased fees charged to parents, thereby stimulating an increase in less expensive, unlicensed, typically lower-quality informal care.

Imposing requirements on regulated, licensed early childhood staff (potentially increasing fees) may actually *lower* overall quality by increasing the demand for lower-cost, unregulated (lower quality) care. One potential solution would be to require caregiver licenses that are difficult to obtain, prohibit unlicensed early childhood staff to operate, and support training to increase quality. However, it is highly unlikely that there is a practical way to eliminate the supply of unregulated care.

Within the realm of regulated early childhood staff, strategies to improve training or design career ladders (both have been suggested as means to raise wages) have been proposed. Encouraging employers to adopt approaches that could raise their costs would be difficult at best, without compensating them with other (e.g., public) funds.

MEASURING THE QUALITATIVE ASPECTS OF CARE IS DIFFICULT.

Measuring the qualitative aspects of care is difficult. One defining characteristic of dependent care is that consumers and early childhood staff are typically on a first-name basis. This reflects both the absence of a professional relationship between provider and dependent, and the emotional, personal content of the relationship, which is central and essential to the service. However, quantifying the qualitative nature of care in economic terms has proved difficult. Whereas economic markets are based on the exchange of goods and services of known value, the qualitative aspect of caregiving has kept it from fitting neatly into existing economic frameworks. Without efficient means to measure and

monitor the emotional aspect of caring, consumers instead rely on intrinsic motives of caregivers to provide care: if parents can sense the care that caregivers offer, then they feel relieved of the need to measure or monitor it. However, intrinsic motives to offer care are vulnerable to cost pressure, and the failure to compensate caregivers adequately will likely restrict their ability to offer quality care.

PUBLIC AWARENESS OF THE COMPENSATION ISSUE IN CHILD CARE IS LACKING.

Public awareness of the compensation issue in child care is lacking. Although some are aware of serious problems associated with low provider compensation, there is little public recognition of the ramifications of low ECE wages. Even though the constituency of early childhood staff is sizeable, the nature of the workforce—female, minority, immigrant, and unorganized—make the issue essentially invisible.

ELDER- AND CHILD-CARE WORLDS SHARE COMMON FEATURES.

Elder- and child-care worlds share common features. Commonalities between the two types of dependent-care labor suggest that strategies to link them might be fruitful. In addition, lessons learned from adult dependent-care organizations (e.g., hospital and home-care groups) could inform efforts within the ECE workforce. As one example, worker-owned home health care aide organizations might provide a model for organizing family child-care early childhood staff.

Assumptions

WHEN IT COMES TO COMPENSATING CAREGIVERS, LOVE AND MONEY ARE INDEPENDENT ENTITIES.

When it comes to compensating caregivers, love and money are independent entities. When individuals provide care for wages, the assumption is that they do so out of love, and without concern about the level of compensation. In other words, caring is a natural expression of (women's) altruistic tendencies. As long as they were seldom employed outside the home, relying on women to meet the demand for care services was feasible and sufficient. However, changes in the economy have increased the "cost" of providing care: women are entering the paid labor force in increasing numbers, and they can choose from an array of employment

opportunities. Positions that are better paid than care work encourage eligible women to eschew care giving for more lucrative employment. As a result, the cost of providing care out of altruism (caring for caring's sake) becomes too high in the face of economic pressures to provide care for wages. Dependent-care employment, in the current market, often makes little economic sense.

Although the solution might appear to be straightforward—to raise wages—there are deeply entrenched assumptions that providing extrinsic rewards (wages) for services that were once intrinsically motivated (i.e., by love) will diminish that service by extinguishing the intrinsic factors. Furthermore, cultural norms dictate that one ought not pay for a service that is offered out of love: the value of providing it is in the providing itself, in the spirit of true altruism.

CHILD CARE IS A PRIVATE AND FAMILY MATTER.

Child care is a private and family matter. American attitudes toward child rearing have been and continue to be characterized by fierce individualism. Nearly exclusive parental rights and responsibility for children extend to child-care arrangements, which remain a private matter for parents to solve on their own. Policymakers are reluctant to interfere with parental decisions regarding child care, thereby exacerbating the isolation of consumers (parents) and early childhood staff alike. Lacking a collective voice, parents and early childhood staff often internalize (rather than express) the problems they encounter. Shared public and private responsibility for child care—especially for improved quality and wages—remain elusive.

Because problems with child care are not publicized, the public perception is that either families see to their own care needs, or the market is able to meet those needs. The community and state, then, play strictly remedial roles, acting only when families and markets fail to meet the demand. If care is a personal concern, why is public intervention necessary? That said, advocates are working to shift the conceptualization of "children as familial private property" towards "children as public goods" that

create benefits for a wide range of people beyond parents and caregivers. This shift challenges the widespread opinion that early childhood staff care for children as an end in itself; further, it challenges the assumption that child care is solely a private concern. Moving away from privatization is critical to raising awareness about the public value and benefits of high-quality child care, and, by association, the importance of raising caregiver wages.

POTENTIAL STRATEGIES

The greatest challenge to improving ECE workforce compensation is developing viable fiscal, conceptual, policy, and organizational approaches. The following strategies indicate both that improving wages is a relatively new concern that requires careful analysis and research, and that it is a daunting issue for which there is no single, easy answer. They represent two broad approaches: the first two raise wages directly and the remaining four suggest campaigns to affect wages by more indirect means.

- **Strategy 1: Increase Public Funds for Early Childhood Programs that Include Targeted Compensation Initiatives**

A TARGETED INVESTMENT OF PUBLIC FUNDS IS ESSENTIAL TO INCREASE EARLY CHILDHOOD EDUCATION COMPENSATION.

An investment of public funds is essential to increase ECE compensation. Although federal and most state fiscal outlooks are currently very good, it is unclear whether there is the public and political will to commit public funds to raising child-care wages. The promising appearance of family- and work-friendly policies on political agendas at the national and state levels, and recent federal and state proposals to expand earned income tax credits, demonstrate extant support for working families with children. Promoting the perception of children as public goods may in turn promote increased public funding for ECE.

Increasing public funds in a broad ECE quality improvement initiative is not likely to be sufficient to

raise wages unless funds are targeted toward increased compensation. However, we need data to inform how best to do this, and testing alternative compensation approaches based on research and experience is urgently needed. Our limited knowledge about the efficacy and outcomes of current approaches in terms of recruitment and retention of early-childhood staff must be enhanced to better inform emerging compensation initiatives.

A U.S. GENERAL ACCOUNTING OFFICE REPORT ON THE U.S. DEPARTMENT OF DEFENSE CHILD-CARE SYSTEM INDICATES THAT QUALITY AND COMPENSATION CAN BE SUCCESSFULLY LINKED.

A U.S. General Accounting Office report on the U.S. Department of Defense child-care system indicates that quality and compensation can be successfully linked (U.S. General Accounting Office, 1999). The military child-care system is one model for expanded publicly supported services in which compensation tied to education and training contributes to high-quality programs.

Whereas increasing public funds is critical to improving compensation, alternate strategies for financing increased wages should also be investigated. Other potential sources of support, including private foundations and the corporate world, should also be tapped (through, for example, public-private partnerships).

➢ Strategy 2: Raise Wages of Low-Wage Workers

THE MOST DIRECT WAY TO RAISE WAGES IS TO RAISE WAGES.

The most direct way to raise wages is to raise wages. This could be accomplished through policy changes that affect wages or cash and non-cash transfers. First, wages could be raised directly by implementing a special wage for child-care workers, or by raising the minimum wage for all low-wage workers.[1] Second, compensation could be increased by improving benefits for all workers

[1] Raising the minimum wage for all workers may fail to benefit the child-care workforce because early childhood staff may be enticed away from child care by other employment that is just as if not more lucrative. However, a model implemented in Australia, where there is a special wage structure for early care and education workers, might be considered.

through implementing universal health care, expanding refundable federal Earned Income Credits and state Earned Income Credits and assuring a living wage for all workers.

➢ **Strategy 3: Educate the Public and Mobilize Powerful Constituencies**

Given the isolation of consumers and early childhood staff, and their lack of a collective voice to promote their concerns, building the political will to inspire public as well as private interest in improving wages in the child-care workforce depends on increasing public awareness. Audiences should include the aging baby-boomer generation, the private sector, the media, and policymakers.

Baby-boomers are particularly likely to be sensitized to arguments for improving quality in dependent care for two reasons. First, as grandparents they are likely to observe their children struggling with work and child-care issues (and often assume child-care responsibilities themselves); second, as aging individuals, they may be anticipating their own future dependent-care needs. Targeting older generations provides a particularly attractive political window of opportunity because AARP is a powerful, organized lobby, in sharp contrast to the children's lobby. Working with organizations that represent the interests of older adults to raise public awareness about the crisis in dependent care, especially compensation, could stimulate similar developments in the child-care workforce.

EVIDENCE THAT THE BUSINESS WORLD IS BEGINNING TO RECOGNIZE THE LINK BETWEEN CHILD-CARE QUALITY AND COMPENSATION SUGGESTS THAT THE TIME IS RIGHT FOR INCREASED ADVOCACY IN THIS AREA.

Drawing attention to the connection between ECE provider compensation and families' ability to work frames it as a broad issue that is affecting the majority of American families with children. Placing the push for better wages in this context will be particularly effective in reaching the private sector. Evidence that the business world is beginning to recognize the link between child-care quality and compensation suggests that the

time is right for increased advocacy in this arena. Enlisting leaders from the business community in improving child-care quality has been successful in Massachusetts.

Creating a coalition of parents is another potential approach to publicizing ECE compensation issues. The association between compensation and quality could stimulate parents to join forces and lobby for quality improvements (and thus for better compensation) and could bring parents and early childhood staff together in the cause for higher wages.

PUBLIC AWARENESS OF ISSUES IS CUMULATIVE, AND MESSAGES ARE MORE EFFECTIVE WHEN THEY APPEAR REPEATEDLY IN THE NEWS.

The media reflect public values and influence the shaping of cultural norms. As such, they are an important mechanism for public education. Proponents of compensation improvements should seek out contact with journalists and be willing to spend the time to educate them about the nature and scope of the low-wage problem. Ensuring that reporters understand and take an interest in issues related to compensation/quality is critical because reporting is most effective when it is repeated over time. Public awareness of issues is cumulative, and messages are more effective when they appear repeatedly in the news. It is essential, then, that journalists are encouraged to develop an in-depth knowledge of the issues and to write a series of articles, clips, or interviews. A series of articles focused on the shortage of home health aides and their working conditions, including low wages and occupational hazards, is an example of this type of effective reporting (Rimer, 2000).

Although policymakers appear to be more aware of issues around child-care quality and compensation than the general public, the need to deepen their understanding of the issues at state and federal levels remains. For example, it has been argued that offering both prekindergarten and kindergarten for full days (combined with wrap-around care) would fulfill one-third of the need

for child care. Bringing these figures to the attention of sympathetic policymakers would give them a strong argument in favor of public support for these programs.

While it is true that improvements will be costly, part of implementing this strategy rests on developing arguments that build support for compensation without overwhelming the audience with the price tag. Two examples were raised. Requesting an investment of 2% of the national budget versus a $25 billion investment is more likely to be received favorably (the amounts are the same). In addition, communicating about provider compensation in terms of annual salary levels is more likely to resonate with public opinion than does quoting the hourly wage.

➢ **Strategy 4: Link Child- and Elder-Care Quality Campaigns**

UNITING CHILD- AND ELDER-CARE CONCERNS UNDER THE COMMON BANNER OF DEPENDENT-CARE QUALITY COULD STRENGTHEN BOTH CAMPAIGNS.

Uniting child- and elder-care concerns under the common banner of dependent-care quality could strengthen both campaigns. Common issues confronted by early childhood staff across ages provide a basis for unifying the groups. The growing role of grandparents as child-care early childhood staff in response to the shortage of adequate child care in the market also bridges generations. Gaining visibility for child-care quality and compensation could be a welcome outcome of this connection.[2]

➢ **Strategy 5: Unionize/Organize the Early Childhood Workforce**

Unionization might help to improve child-care working conditions, provide child-care advocates with political clout when pressing for legislative change, and raise wages. Encouraging workers to join trade unions has met with some success in center-based child care. Efforts have been made to incorporate child-care workers into existing unions, such as the Service Employees

[2] Despite commonalities between these two groups, bringing them together will be complicated by competition between them for a similar pool of workers. This is particularly difficult when unemployment is low.

International Union (SEIU), the United Auto Workers, and the American Federation of State, County and Municipal Employees (AFSCME). In New York City, AFSCME has recruited members from publicly funded ECE centers (e.g., Head Start and city-operated centers).

Barriers to unionization are formidable, particularly because isolation among early childhood staff has hindered workforce cohesion and organization. Child-care workers are currently so underpaid that they likely could not afford union dues, and staff turnover in the field is so high as to discourage workers from committing to membership. Further, labor unions typically grow out of pre-existing membership in an organization, and there is no such organization for ECE workers. Although widespread unionization of early childhood staff appears unlikely, organizing workers has been cited as one way to improve compensation.

➢ **Strategy 6: Professionalize the Early Childhood Workforce**

PARENTS ARE MORE LIKELY TO BE SUPPORTIVE OF INCREASED COMPENSATION WHEN PROGRAMS FOCUS ON EDUCATION RATHER THAN CARE.

Emphasizing the "education" in ECE connotes a level of professionalism and respectability that child care has never commanded in the United States. Generally speaking, parents are impressed with cognitive gains and are more likely to be supportive of increased compensation when programs focus on education rather than care.

Distinguishing between child care and early education raises deeply held values and beliefs regarding the care and education of young children. Even within the field of ECE there is disagreement regarding appropriate program content. Should ECE follow the Head Start model, offering comprehensive services to children and their families? Or should programs adopt a more cognitively oriented, classroom-based model? Should preschool be a downward extension of K-12 schooling, or should it adopt curricula that are specially adapted to the developmental requirements of young children? Should early care (birth to three) be distinguished from early education (four-to-

five-year olds)? How do these questions about program content affect professionalization?

In a positive move toward enhancing quality in ECE, recent increases in state-level investment in prekindergarten have heightened attention to program accountability. However, accountability needs are shaped by the state of evaluation methodology, where the majority of the instrumentation remains in the cognitive domain. Unfortunately, reliable and valid measures for developmental outcomes beyond cognition, such as caregiver-child attachment and social-emotional well being, are not nearly as well known nor as widely used as cognitive outcome measures. Developing and disseminating indices of qualitative content is essential to establishing care as an essential component in ECE.

RECOMMENDATIONS

In addition to these general strategies for tackling ECE compensation improvements, more specific recommendations were developed as a guide to action. Because we know more about the problem than about how to solve it, the following recommendations reflect a need for a better understanding of potential policy approaches and underlying issues.

Investigate Policy Approaches

CONDUCT STUDIES OF ONGOING STATE EFFORTS.

Conduct studies of ongoing state efforts. Several states (e.g., California, North Carolina, and Washington) have statewide and local initiatives to explore the link among compensation, education and training, and outcomes for children and workers. Research and evaluation are needed to document both processes and outcomes associated with these efforts.

Studying state-level efforts that have led to changes in ECE policy, such as Raden's case study of the Georgia prekindergarten program (Raden, 1999), can inform the design of compensation efforts. In particular, comparing initiatives that have come about in a "bottom-up" manner

with those that have been "top-down" might yield insights into how to implement policy change at different levels of government. State-funded prekindergarten programs (Schulman, Blank & Ewen, 1999) are possible subjects of this type of study. Along these lines, the Center for the Child Care Workforce is beginning a study to understand the impact of state prekindergarten programs on compensation and turnover among staff in different child care, prekindergarten and Head Start school programs.

ANTICIPATE THE NEED FOR BOTH STATE AND FEDERAL STRATEGIES.

Anticipate the need for both state and federal strategies. What works at the state level may not reflect national priorities. State demographics, political climate, needs, and geography are likely to vary, and these, in turn, influence the child-care infrastructure and market. Tailored solutions to improving wages will need to be developed at the state and perhaps local levels. Federal legislation might provide the framework and the funds to complement state-level approaches, particularly in the areas of education and training and in national performance guidelines for quality programs for children.

INVESTIGATE THE FEASIBILITY OF EXPANDING STATE SPENDING FOR PRE-KINDERGARTEN.

Investigate the feasibility of expanding state spending for prekindergarten. If all states were to implement prekindergarten, then federal Head Start dollars might be redirected toward Early Head Start, which serves birth-to-three-year olds and their families. New York, which is in the second year of implementing a universal prekindergarten program (see Hicks, Lekies, & Cochran, 1999), could serve as a test case for this policy.

Research Underlying Issues

DEFINE THE POPULATION OF DEPENDENT CAREGIVERS.

Define the population of dependent caregivers. If we assume that child- and elder-care providers represent the same pool of workers, why is it that some choose one type of care over the other? Investigating conditions that differentiate between the two types of service employment would provide important data for potential efforts to unite early childhood staff. Shared needs for professional development could also be identified.

DEVELOP AND DISSEMINATE OUTCOME MEASURES ASSOCIATE WITH HIGH-QUALITY CARE.

Develop and disseminate outcome measures associated with high-quality care. Outcome data are essential to bring accountability to child care, to boost general public awareness of quality issues, to make convincing statements about costs and benefits, and to stimulate public investment. Data that establish the link between compensation and higher quality programs (driven predominately by lower staff turnover rates; see Center for the Child Care Workforce, 1999) are needed. Dependent-care outcomes are often difficult to assess given the overwhelmingly cognitive focus of outcome assessment tools. Measures of nurturance, attachment, and child-care quality need to be expanded and applied in economic models. Investigations using measures of care need to be developed as well. Specifically, research that links quality and outcomes with wages could help to make a strong case for raising wages.[3]

Investigations that assess effects on early childhood staff as well as child outcomes are needed. Does improved compensation reduce turnover? Do workers stay on the job longer if training is required? There is an assumption that training reduces turnover, but few data exist to support this assumption.

ENCOURAGE AND IMPLEMENT COMMUNITY-LEVEL DEMONSTRATION PROJECTS.

Encourage and implement community-level demonstration projects. Community-level initiatives around the country (e.g., Project Liftoff in Seattle and The Early Childhood Initiative in Allegheny County) are currently testing different ways to improve ECE quality and workforce wages. Whereas a review of these programs would help to illustrate the different models being used in these campaigns, demonstration programs with built-in evaluations are the best way to compare the efficacy of different approaches, and to identify common themes and

[3] This type of research is being performed as part of Allegheny County's Early Childhood Initiative, where, for every month that children spend in high-quality, center-based care, they show one-and-one-half month's worth of developmental gains. Quality of care is assured with private funds that provide a $17 per child, per day differential to the state subsidy for basic child care (Marge Petruska, personal communication).

impacts. Demonstration projects can also be the basis for forging stronger connections between theorists/academicians, policymakers, and practitioners, who together may further the case for improved quality through increased wages.

UNDERSTAND WHY THERE IS MARKET FAILURE IN DEPENDENT CARE.

Understand why there is market failure in dependent care. What are the economic rules that operate in the child-care market? Determining whether or not there is sufficient extant data to explain the economics of child care is the first step to this recommendation. If there are insufficient data, then additional research is needed. If the data do exist, developing them into an accessible format geared toward non-economists (e.g., a working paper or symposium) could help to raise awareness of economic issues that challenge efforts to raise ECE compensation.

CONCLUSION

Inadequate ECE compensation has negative effects across a range of constituencies. Among the workers themselves, low wages imperil economic survival and continuing employment. In the private sector, the link between low compensation and quality affects present (parents with children in high-quality care tend to be more productive and reliable) as well as future (children in low-quality care may have worse life outcomes, and they are the next generation of workers) human capital concerns.

HAVING TO CHOOSE BETWEEN QUALITY AND COST IS UNTENABLE, AND MUST BE ADDRESSED BY AN INFUSION OF PUBLIC FUNDS TO PROVIDE WAGE SUBSIDIES AND BENEFITS FOR EARLY CHILDHOOD STAFF.

For children, the relationship between low wages and low quality indicates that many young children are in care that places them at developmental risk. Parents want high-quality programs for their children, but this puts them in a bind. Raising ECE wages to raise quality will increase the cost of care, and the cost of child care is already formidable, requiring from between 25% of household income for low-income families to 7% of income for middle-income families. This bind—having to choose between quality and cost—is untenable, and must be

addressed by an infusion of public funds to provide wage subsidies and benefits for early childhood staff.

The strategies and recommendations identified here take important first steps toward two goals. First, they identify strategies for increasing awareness about low child-care wages; second, they develop approaches to address the compensation issue. More work needs to be done if those concerned are to be able to take advantage of positive economic conditions in the short-term, and to affect policies that will make a difference in how much staff in early childhood education programs are compensated in the long-term.

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WHAT ACTIONS MIGHT RAISE THE WAGES OF CHILD CARE WORKERS?

An edited version of this discussion will be incorporated into the chapter concerning labor market issues in the book, *What Should We Do About Child Care?* by Suzanne Helburn and Barbara Bergmann. This draft version was written by Bergmann.

Higher wages and benefits for child care workers are commonly advocated out of concern for the workers themselves, and as a way to lower turnover and improve the quality of care. These are obviously worthy goals. Yet there has not been much thinking about the practical ways in which such raises might be achieved on a broad scale. Some of the actions that have been suggested would not be effective, or would be unlikely to make much of an impact. Other actions might be effective if they could be achieved, but would involve high monetary costs, create difficult enforcement problems, and would face powerful opposition.

Reviewing the efficacy and consequences of possible methods by which child care wages could be raised is worthwhile, because it brings a realism to the discussion of this question that has been lacking. Our desire for the good that would come from higher wages for these workers needs to be tempered by a realistic view of how and whether that could actually be achieved, and what the costs and other consequences might be if it were. In the light of the barriers to meaningful achievement in this area, the allocation of child care advocates' energy needs to be thought through. Efforts to improve public financing and regulation would, if successful, provide a necessary precondition to improving wages and benefits. Until such efforts are successful, they arguably deserve priority over more direct methods of achieving better wages, which prior to improved funding, are doubtfully achievable.

WHY CHILD CARE WAGES ARE LOW

Most child care is provided by the private sector. In child care centers, wages are set by the owners or managers. They decide what type of workers they wish to have on board, in terms of education, skill, experience, and so on. The wage they offer has to be high enough to allow them to hire enough people of that type to maintain the size of the work force they need. The wage they set will influence the level of turnover. Some centers will pay a premium to avoid high turnover and attract more able workers. Others will decide to put up with high turnover and less able workers, and pay no more than is necessary to get minimally qualified replacements for those who leave. What we know about pay and turnover in this industry suggests that most child care employers are in the latter group. While they are delighted to hire whatever highly qualified workers are available at a low wage, there are not enough of them to fill the rosters of the centers. They choose to fill

the rest of their vacancies with less qualified workers, rather than raise the wages they pay so as to attract more people with good qualifications.

A large and "elastic" supply of potential workers who would consider taking child care jobs at low wages keeps centers from having to pay high wages to get the help they need. That supply includes workers with low qualifications who have a poor chance at other types of job, such as the barely literate. It includes people who might get higher pay in another job, but who will for a time at least accept low pay because they enjoy working with children. It includes immigrants, both legal and undocumented.

The potential child care work force also includes at-home mothers, who can enter the field as self-employed family child care providers, operating out of their own homes. Many of them pay little or no taxes on their income from this activity. The nil space costs and tax evasion of the family child care suppliers means that they give stiff competition to the child care centers, which have space costs and have to pay taxes. Centers have to be mindful of that competition when setting fees. Those center fees provide the money to pay wages, and so the activity of at-home mothers in providing family child care helps to keep center fees and child care wages in centers low. The family child care providers currently operating also compete with one another, and with potential entrants to the field. That large supply of potential entrants to family child care is, in all likelihood, the major source of the low-wage problem among child care workers.

This diagnosis goes counter to the general complaint that there is a shortage of child care services -- that there is an "availability" problem, at least for child care during standard hours. The impression that there are shortages of unsubsidized services at prices that cover costs probably derives from the arduous search process an uncoordinated market of tiny enterprises forces on parents, the waiting lists for the services of providers with above-average reputations (rather like a shortage of tickets to hit shows), and the inability of eligible parents to find space in the limited number of subsidized programs that charge below-cost fees.

A big increase in subsidies to parents for child care expenses would affect child care workers' wages and qualifications. If such an increase were to take place, it is likely that many children would be switched to child care centers from family child care and relative care. The centers would need a considerably larger work force. They would no doubt try to take on more low-qualified workers. A workforce fed by increases in immigration makes it easier for employers to continue to depend on low-skilled workers. If employers were unable to get enough of them, they might respond by offering to pay more to better educated workers, leaving the pay of the less-educated part of their workforce low. This recruitment of more educated workers to the industry will not occur if centers can expand their low-skilled labor force without raising wages significantly. The labor market

effects of an increase in subsidies are difficult to predict, and the question deserves research.

A rise in child care workers' wages could not take place unless employers and parents were (1) forced in some way to raise them, and (2) enabled to do so financially by government subsidies. Measures to raise wages to be broadly effective have to prevent centers from hiring low-wage labor, and prevent parents from hiring low-fee family child care. Or other means would have to be used that directly raise wages. But exerting force on centers and on parents to raise wages would be useless and disruptive unless there are extra funds to pay the additional wages. A twenty percent rise in workers' pay would raise child care costs by about 15 percent.

WHAT MEASURES MIGHT RAISE CHILD CARE WAGES?

REQUIRING LENGTHY TRAINING FOR THOSE WHO CARE FOR CHILDREN FOR PAY

Hairdressers who work for pay are required by the state to have a license. To get one, they are required to attend a full-time course of training that may last for several months, or to take an apprenticeship that lasts for several years, and to pass an examination. The shops are required to display their employees' licenses. This has a number of effects. Presumably it increases the skill of the hairdressers. It may also cut down health risks. We can conjecture that the training requirement raises the pay of hairdressers by reducing the supply of people the shops can hire. People who can't speak or write English, people who are illiterate, and people who are leery of schools and exams are scared off by the training requirement.

But most likely, the biggest effect on wages is the elimination from the labor supply of people who can't afford or are unwilling to spend several months in training without income or years on low apprenticeship wages. It is important to note that if large numbers of scholarships were available that paid tuition and living expenses for people taking hairdresser training, the requirement of training would have a considerably lesser effect in reducing the supply of labor to the shops and raising wages. This would be true even though the scholarship would make available more trained, and presumably more valuable workers. The financial benefit of their increased skill, if any, would be captured by the shops that employ them, rather than by the workers.

Would a system of requiring lengthy training, and making it illegal to work for pay without it, actually raise pay for the child care work force? The sale of home-based services is of much greater importance in child care than in hairdressing. If the training requirement were applied only to child care centers, the result would be a shift of children from centers to family child care, much of it unlicensed and uninspected. If the training requirement were formally applied to family child care, enforcement would be a major

problem. If enforcement were to become so effective as to put out of business most family child care providers who had not been through the training, there would probably be complaints that parents' freedom of choice as to who would care for their children was being massively interfered with.

The training requirement for hairdressers not only raises their wage; it also makes their services more expensive to the customers. The same thing would be true in child care. However, child care takes a much higher proportion of a family's budget than hairdressing, so the rise in costs would be far more consequential. The financing of the extra costs would have to come from parents or government. If it came from parents, it would worsen the "affordability" problem, which, unlike the "availability" problem, is real.

A RISE IN THE MINIMUM WAGE APPLYING TO ALL WORKERS

A rise in the minimum wage would bring child care workers, along with other low wage workers, a higher standard of living, and this is certainly to be desired. The wages in jobs that pay more than child care jobs would go up too. So child care jobs would continue to pay less than most other jobs. For this reason, raising the minimum wage for everybody would be unlikely to reduce turnover among child care workers, since workers would still seek better opportunities outside the field. It wouldn't bring higher quality workers into the field either, since their opportunities in other lines of work would continue to be superior.

A SPECIAL MINIMUM LEGAL WAGE FOR CHILD CARE WORKERS

Special minimum wages applying to particular occupations are unknown in the United States, but do exist elsewhere. In Australia, a large number of occupations have legal minima, which are set by appointed review boards. As with all other methods to raise wages, to avoid a shift from center care to family child care providers, the latter would need to be included. As with regular minimum wages, an enforcement agency that would track down those not complying is required if it is to be effective. Such a special minimum wage would certainly be an interference with the operation of the market, but we interfere in the market in many other ways, so that is not a conclusive argument against it. Again, as with the training and licensing requirement, finance for the extra cost of the service would be needed, in the form of public subsidies.

It would not do to restrict the application of the special minimum wage to those taking special training. Employers might respond by hiring more untrained workers.

A special minimum wage might be required of all providers. Or the requirement might be restricted to providers taking part in the subsidy program under the CCDBG block grant. This would be somewhat analogous to the Davis-Bacon Act which regulates the wages that

federal construction contractors must pay. The subsidies under the block grant are greater for lower-income families. While the higher minimum wage would require higher subsidies per child, those subsidies would still be targeted to families in greatest need. Presumably, higher income parents using those facilities would have to pay higher fees as a result of the special minimum wage.

While a special legal minimum wage for child care workers would succeed in raising wages, passage of such laws at the federal or state level has to be rated as politically unlikely.

USE OF PUBLIC MONEY TO SUPPLEMENT PAY
FOR CHILD CARE WORKERS IN THE PRIVATE (NON-PUBLIC) SECTOR

Public money could be used to supplement the pay and benefits of child care workers who work for non-public child care providers, both non-profit and for-profit. Again, certain conditions might be attached, for example, that they take or had taken training and stay on the job. The T.E.A.C.H. program in North Carolina is of this form. However, that program applies only to a small share of child care workers. A similar program proposed in California was vetoed by the governor.

One difficulty would be to insure that the public money would actually boost wages by the amount of the appropriation. This would require some mechanism to verify that employers did not use the pay supplements as a replacement for their own funds, and lower the amounts that came to their workers from them.

An across-the-board increase in the pay of all child care workers, paid for out of government funds, would not be targeted to help lower income parents. Some of the wage subsidies would go to workers caring for the children of well-to-do parents. Those parents might well afford to finance the higher wages for child care workers themselves by paying higher fees. As noted above, the enactment of a special minimum wage along with increased subsidies going to help lower-income families meet the higher fees would allow for such targeting.

The amount of public money now going to help lower income parents with child care expenses is far short of what is needed to provide universal "affordability," even at prices which reflect today's low wages for child care workers. Many parents close to the poverty line get no help at all. Arguably, it is more equitable to give such families the help they need to buy decent child care than to subsidize better-off families by spending public money for an across-the-board increase in child care wages. If there were enough public money to finance both higher wages and adequate subsidies to parents, then the two would not be in conflict. But if adequate subsidies to low-income parents and government payment for higher wages have to be achieved sequentially, then equity considerations point to going first for the former.

WIDESPREAD UNIONIZATION

For unionization to raise child car workers' wages, unions would have to organize the workers and get them to be union members. After that, the unions would have to have the strength to negotiate higher wages through collective bargaining, presumably through the threat of striking. That virtually all private sector child care workers are currently unorganized is no accident. It is very difficult to organize workers who are low paid, have high turnover, and work in small enterprises. The chances of accomplishing anything through a strike are reduced by the ease with which centers could hire strikebreakers. Child care centers' ability to give in to demands for higher wages is limited by the competition from family child care providers. These difficulties mean that unions are likely to use their limited resources and energy in organizing other kinds of workers, where they have a greater chance of success.

If unions are able through political activity to get public money for wage increases, then the chance of success is greatly enhanced. New initiatives under way in Philadelphia and Seattle involve union-employer cooperation, with the unions providing coordination among employers, some political clout and a public education campaign. These unions aim at the enactment of public subsidies to pay for higher wages and benefits, especially for workers who take training. It is impossible at this time to predict how much success these initiatives will have.

That depends on the extent to which employers would see it in their interest to cooperate with unions, how much public money unions will raise, how wide a group of workers they will benefit, how long these effects will persist, and whether any successes they achieve can be duplicated in other places. It is probably fair to say that widespread success is by no means guaranteed.

GETTING A HIGH PROPORTION OF CHILD CARE JOBS RELOCATED TO THE PUBLIC SECTOR

Wages in the public sector are sometimes higher than in the private sector. Sometimes formal or informal "pay equity" calculations by public sector personnel administrators raise the pay of workers on the public payroll above those in the private sector. More importantly, workers who are in regular public sector jobs are likely to receive the same health insurance, vacations and other benefits that workers in other public sector jobs receive, which are worth thousands of dollars a year. The public sector workers are more easily organized into unions, which are sometimes able to obtain higher wages for those workers, largely through political pressure.

The movement to provide all-day kindergarten, and to provide universal pre-kindergarten, which currently has considerable momentum in the United States, is always presented as an educational measure. However, such programs do take care of the children while they

are educating them (as do grades 1-12). If coupled with care programs for afterschool hours, the growth of these programs provides an opportunity to move a significant share of child care activities from private to public providers. However, relocation of child care services and jobs to the public sector, especially for 4-year olds, would no doubt spark grave opposition from for-profit and non-profit providers in the private sector. This would weaken any chance for a successful coalition to achieve greater government subsidies for child care.

If the pre-kindergarten services were paid for by public money but were actually performed by non-public providers, unionization of these workplaces might well be facilitated because of funding source. This has been the case with home care workers in California, paid for by public funds, but working for non-public agencies.

ADVOCATING APPRECIATION OF CHILD CARE WORKERS AND THEIR WORK

The Center for the Child Care Work Force tries to educate the public about the "worthiness" of child care work. While orthodox economists tend to emphasize supply and demand factors as totally responsible for the level of an occupation's wage, culturally conditioned attitudes toward the wages that are "fair" for each type of job probably also plays an important role, when employers consider what wage to set for a particular job, and what type of worker to try to recruit for it. In particular, research has shown that traditionally women's jobs are undervalued,
compared with traditionally male jobs requiring similar levels of skill, knowledge, responsibility, and difficulty.

So educating the public that child care workers have jobs of considerable responsibility, and that workers who possess certain skills produce better services and confer lasting benefits on the children they care for helps to prepare a climate of opinion conducive to policies that would bring wage and benefit gains for workers. While certainly desirable and probably necessary, such advocacy is by itself not sufficient. Unless specific and efficacious policies themselves are explained and advocated, and eventually put in place, nothing much is likely to happen. Without coercion and/or public financing, most employers are unlikely to respond to such a campaign voluntarily, in part, because of the economic pressures reviewed above.

ADVOCACY OF CAREER LADDERS

Formal lines of progression for child care workers, with increases in pay at each step is sometimes advocated as a way of raising child care workers' wages, and of making more of a career for them. Many establishments in other industries are organized this way, and are considered valuable to employers in motivating workers to perform well. Again, without the stimulus of government money to pay for the raises, or legal coercion through

mandated minima, employers who have not considered it advantageous to institute career ladders are unlikely to do so.

CONCLUSION

In reviewing the causes of low wages for child care workers and the methods that might be used to raise them, it is easy to see why very little progress has been made to date. None of the methods reviewed would be easily achieved. Some of them, such as widespread unionization or the shift of child care provision to the public sector, have to be rated as not likely. Some others, such as the advocacy of career ladders, would be unlikely to be efficacious. Some of the ones that might be efficacious, such as a special minimum wage or a training requirement at the workers' expense, would require stringent regulation extending to family child care providers, and appear unlikely. Others, such as public subsidies to directly supplement the wages of child care workers, raise problems of equity and priority. Success in raising child care workers' wages would, of course, increase the costs of child care. The subsidies required to help lower-income families get "affordable care," however defined, would rise by about 75 percent of the rise in wages, unless public money paid directly for the wage rise. We could expect child care providers, and many parents as well, to oppose such a measure.

A realistic look at these concerns suggests that those wishing to make high quality affordable child care provided by a decently paid workforce universally available would do best to concentrate on increasing the subsidies available to help parents pay for child care. As noted above, a big rise in subsidies might force child care centers to supplement their workforce by recruiting some better educated workers at somewhat higher salaries. It thus might allow us to achieve a better-qualified and better-paid child care labor force, at least in part, without the use of direct measures of dubious efficacy and equity. One might argue that the time to concentrate on higher salaries for the child care work force is after universal "affordability" has been achieved. It will then be more obvious what more needs to be done in terms of work force compensation.